

**MADRAS AQUATIC CENTER RECREATION DISTRICT
(Madras, Oregon)**

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

**MADRAS AQUATIC CENTER RECREATION DISTRICT
(Madras, Oregon)**

DISTRICT OFFICIALS

JUNE 30, 2023

Chair

Jinnell Lewis
Madras, Oregon

Vice Chair

Lindsay Foster-Drago
Madras, Oregon

Secretary/Treasurer

Deanna Seibold
Madras, Oregon

Directors

Jillisa Suppah
Madras, Oregon

Jean McCloskey
Madras, Oregon

Registered Agent and Office

Jeremy Green
Bryant, Lovlien & Jarvis, PC
591 SW Mill View Way
Bend, Oregon 97702

**MADRAS AQUATIC CENTER RECREATION DISTRICT
(Madras, Oregon)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Madras Aquatic Center Recreation District
Madras, Oregon

Report on the Audited Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Madras Aquatic Center Recreation District (the District), as of and for the year ended June 30, 2023, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Madras Aquatic Center Recreation District as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Madras Aquatic Center Recreation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Madras Aquatic Center Recreation District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Madras Aquatic Center Recreation District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Madras Aquatic Center Recreation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Madras Aquatic Center Recreation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis (MD&A) and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. The MD&A is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service and Maintenance Reserve Funds but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Standards*, we have also issued a report titled Independent Auditors' Report Required by Oregon State Regulations dated October 31, 2023, which is also not a required part of the financial statements. The purpose of that report is to address specific matters required by the State of Oregon.

Prior Year Summarized Information

Sensiba LLP previously audited the District's financial statements for the year ended June 30, 2022 financials. In our report dated December 7, 2022, we opined the statements were presented fairly in all material respects. We are not aware of any material modifications that should be made to the comparative information for it to be consistent with the audited financial statements from which it was derived.



Brenda Bartlett, CPA
Sensiba, LLP

October 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MADRAS AQUATIC CENTER RECREATION DISTRICT

Management's Discussion & Analysis

Year ended June 30, 2023

As management of the Madras Aquatic Center Recreation District (the District), we offer readers of Madras Aquatic Center Recreation District's financial statements this narrative overview and analysis of the financial activities of Madras Aquatic Center Recreation District, for the year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2023 by \$3,166,463, an increase of \$426,422 from the prior year.
- As of June 30, 2023, the District's General Fund reported an ending fund balance of \$44,577 of which none is available for spending.
- The District's total debt decreased by \$726,030 during the 2022-2023 fiscal year. The decrease was attributed to the payment of long-term obligations and amortization of bond premium.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash or other financial assets, flows. Thus, revenues and expenses are reported in this statement for some items, for example, unearned property taxes and earned but unused vacation leave will result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the District that principally are supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activity of the District is recreation.

The government-wide financial statements can be found on pages 9-10 of this report.

MADRAS AQUATIC CENTER RECREATION DISTRICT

Management's Discussion & Analysis

Year ended June 30, 2023

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District funds are classified as governmental funds.

Governmental funds are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains three governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and maintenance reserve fund.

The District adopts an annual budget for each of its funds. Budgetary comparison information has been provided for all funds to demonstrate compliance. This budgetary comparison information can be found on pages 25-27 of this report.

The Basic Governmental Funds Financial Statements can be found on pages 11 and 13 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

MADRAS AQUATIC CENTER RECREATION DISTRICT

Management's Discussion & Analysis

Year ended June 30, 2023

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Net position over time, may serve as a useful indicator of a government's financial position. The District's assets exceeded its liabilities by \$3,166,463 at the close of the most recent fiscal year.

	<u>Governmental Activities</u>		
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Current and other assets	\$ 431,644	\$ 612,063	\$ (180,419)
Capital assets, net	<u>4,755,148</u>	<u>4,983,847</u>	<u>(228,699)</u>
Total Assets	<u>5,186,792</u>	<u>5,595,910</u>	<u>(409,118)</u>
Current liabilities	1,044,825	1,103,269	(58,444)
Long-term liabilities	<u>975,504</u>	<u>1,752,620</u>	<u>(777,116)</u>
Total Liabilities	<u>2,020,329</u>	<u>2,855,889</u>	<u>(835,560)</u>
Net investment in capital assets	3,038,707	2,541,375	497,332
Restricted	36,646	44,943	(8,297)
Unrestricted	<u>91,110</u>	<u>153,703</u>	<u>(62,593)</u>
Total Net Position	<u>\$ 3,166,463</u>	<u>\$ 2,740,021</u>	<u>\$ 426,442</u>

The largest portion of the District's net position (96%) reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles), less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide services to the public. The \$497,332 increase over the prior year investment in capital assets is due to the ongoing payment of the bonds that funded the assets, net of depreciation expense and investments in equipment and improvements made during the fiscal year.

Net position of \$36,646 is restricted for debt service and capital maintenance. Unrestricted net position was \$91,110, a decrease of \$62,593 from the prior year.

MADRAS AQUATIC CENTER RECREATION DISTRICT

Management's Discussion & Analysis

Year ended June 30, 2023

Governmental Activities. During the current fiscal year, net position increased by \$302,642 from the prior fiscal year. Increases in contributions/grants attributed to the majority of the increase. The following schedule compares the revenues and expenditure for the current and previous year.

	<u>Year Ended</u> <u>June 30, 2023</u>	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Change</u>
Program revenues			
Charges for services	\$ 330,989	\$ 321,398	\$ 9,591
Contributions/grants	309,700	113,661	196,039
General revenues			
Property taxes	1,453,650	1,375,535	78,115
Investment earnings	12,852	4,747	8,105
Intergovernmental revenue	-	30,000	(30,000)
General use grants	-	9,000	(9,000)
Other income, net of loss	8,733	(5,488)	14,221
Total revenues	<u>2,115,924</u>	<u>1,848,853</u>	<u>267,071</u>
Expenses			
Recreation services	1,633,328	1,469,441	163,887
Interest on long-term debt	56,154	76,770	(20,616)
Total expenses	<u>1,689,482</u>	<u>1,546,211</u>	<u>143,271</u>
Changes in net position	426,442	302,642	123,800
Net position - beginning of year	<u>2,740,021</u>	<u>2,437,379</u>	<u>302,642</u>
Net position - end of year	\$ <u>3,166,463</u>	\$ <u>2,740,021</u>	\$ <u>426,442</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of June 30, 2023, the General Fund reported an ending fund balance of \$44,577, and the Debt Service Fund reported \$25,646, all of which is restricted for debt service. The maintenance reserve fund received a transfer in from the general fund of \$6,000 which is restricted for future capital maintenance. Management and the board assigned \$74,613 for fiscal year 2023-24 spending during the local budget process resulting in general fund unassigned deficit ending fund balance \$54,860, which is not available for spending at the District's discretion.

MADRAS AQUATIC CENTER RECREATION DISTRICT

Management's Discussion & Analysis

Year ended June 30, 2023

BUDGETARY HIGHLIGHTS

There were three revisions made to the fiscal year 2022-2023 general fund budget after adoption. Additions to programming, an increase in capital outlay to fund capital asset additions and a reduction debt service to reflect the accounting for the tax anticipation note as a liability on the balance sheet in accordance with generally accepted accounting principles.

The District over-expended its appropriation for facility services in the general fund by \$51,327.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's investment in capital assets includes the aquatic center building, land, equipment and software. During the year the District's net investment in capital assets increased by \$497,332. Depreciation expense charged to the recreation program was offset by investments in equipment and building improvements. Additional information on capital assets is included in Note 3 to the financial statements.

At June 30, 2023, the District reported \$1,716,441 in long-term liabilities, consisting of \$1,470,000 bonded debt for the construction of the aquatic facility and \$174,085 note payable for building upgrades and operation costs. The balance of the bonded debt includes \$72,356 related to bond premium costs, which are reported net of accumulated amortization. During the year, management obtained short-term financing in anticipation of property tax collections in the amount of \$200,000, which matures on November 30, 2023. Additional information on the District's debt is included in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District expects continued improvement of financial stability after the effects of unanticipated maintenance expenses in the prior year. The budget priorities are building financial sustainability, retaining existing staff and increasing program utilization. The District will continue to pursue grants and donations to supplement the programs of the District.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview to those parties interested in Madras Aquatic Center Recreation District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Executive Director, Madras Aquatic Center Recreation District, 1195 SE Kemper Way, Madras, Oregon 97741.

BASIC FINANCIAL STATEMENTS

MADRAS AQUATIC CENTER RECREATION DISTRICT
Statement of Net Position

	June 30,	
	2023	2022
ASSETS		
Cash and investments	\$ 332,992	\$ 393,412
Property taxes receivable	70,395	58,568
Accounts receivable	3,433	138,539
Inventory	7,378	7,222
Prepaid expenses	17,446	14,322
Capital assets		
Land	550,444	550,444
Non-depreciable capital assets, net	10,000	-
Depreciable capital assets, net	4,194,704	4,433,403
	5,186,792	5,595,910
TOTAL ASSETS		
 LIABILITIES		
Accounts payable	18,635	14,418
Payroll liabilities	31,481	33,270
Credit card liability	1,168	2,709
Accrued interest payable	8,785	11,231
Accrued compensated absences	12,572	14,838
Unearned revenue	31,247	136,951
Tax anticipation note payable	200,000	200,000
Noncurrent liabilities due within one year		
Building improvement debt	30,937	29,852
Bond payable	710,000	660,000
Noncurrent liabilities due within more than one year		
Building improvement debt	143,148	174,086
Bond premium, net	72,356	108,534
Bond payable	760,000	1,470,000
	2,020,329	2,855,889
TOTAL LIABILITIES		
 NET POSITION		
Net investment in capital assets	3,038,707	2,541,375
Restricted for:		
Debt service	25,646	35,943
Capital maintenance	11,000	9,000
Unrestricted	91,110	153,703
	3,166,463	2,740,021
TOTAL NET POSITION		
	\$ 3,166,463	\$ 2,740,021

The footnotes are an integral part of the financial statements

MADRAS AQUATIC CENTER RECREATION DISTRICT
Statement of Activities
Year ended June 30, 2023 and summarized information for June 30, 2022

Functions/Program	Expenses	Program Revenues		Net (Expense) Revenue and Revenue and Changes in Net Position Governmental Activities	
		Charges for Services	Operating Grants and Contributions	2023	2022
Governmental Activities:					
Recreation services	\$ 1,633,328	\$ 330,989	\$ 309,700	\$ (992,639)	\$ (1,034,382)
Interest on long-term debt	56,154	-	-	(56,154)	(76,770)
	<u>\$ 1,689,482</u>	<u>\$ 330,989</u>	<u>\$ 309,700</u>	<u>\$ (1,048,793)</u>	<u>\$ (1,111,152)</u>
General Revenues:					
Property taxes levied for general purposes				725,526	708,670
Property taxes levied for debt service				728,124	666,865
Earnings on investments				12,852	4,747
Intergovernmental revenue				-	30,000
General use grants				-	9,000
Miscellaneous income				8,733	7,447
Loss on disposal of capital assets				-	(12,935)
				<u>1,475,235</u>	<u>1,413,794</u>
Increase in net position				426,442	302,642
Net position - beginning				<u>2,740,021</u>	<u>2,437,379</u>
Net position - ending				<u>\$ 3,166,463</u>	<u>\$ 2,740,021</u>

The footnotes are an integral part of the financial statements

MADRAS AQUATIC CENTER RECREATION DISTRICT
Balance Sheet – Governmental Funds
June 30, 2023 and summarized information for June 30, 2022

	General	Debt Service	Maintenance Reserve	June 30,	
				2023	2022
ASSETS					
Cash and investments	\$ 303,919	\$ 18,074	\$ 11,000	\$ 332,993	\$ 393,412
Property taxes receivable	35,185	35,210	-	70,395	58,568
Receivables	3,433	-	-	3,433	138,539
Inventory	7,378	-	-	7,378	7,222
Prepaid items	17,446	-	-	17,446	14,322
Total assets	<u>\$ 367,361</u>	<u>\$ 53,284</u>	<u>\$ 11,000</u>	<u>\$ 431,645</u>	<u>\$ 612,063</u>
LIABILITIES					
Accounts payable	18,635	-	-	\$ 18,635	14,418
Payroll liabilities	31,481	-	-	31,481	48,108
Accrued expenses	12,572	-	-	12,572	-
Credit card liability	1,168	-	-	1,168	2,709
Short term note payable	200,000	-	-	200,000	200,000
Patron account credits	8,805	-	-	8,805	6,791
Total liabilities	<u>272,661</u>	<u>-</u>	<u>-</u>	<u>272,661</u>	<u>272,026</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	22,445	-	-	22,445	130,163
Unavailable property tax revenue	27,678	27,638	-	55,316	49,741
Total deferred inflows of resources	<u>\$ 50,123</u>	<u>\$ 27,638</u>	<u>\$ -</u>	<u>77,761</u>	<u>\$ 179,904</u>
FUND BALANCE					
Nonspendable					
Prepaid expenditures	17,446	-	-	17,446	14,322
Inventory	7,378	-	-	7,378	7,222
Restricted					
Debt service	-	25,646	-	25,646	35,943
Capital maintenance	-	-	11,000	11,000	5,000
Assigned for budgeted appropriations	74,613	-	-	74,613	24,991
Unassigned	(54,860)	-	-	(54,860)	72,655
Total fund balance	<u>44,577</u>	<u>25,646</u>	<u>11,000</u>	<u>81,223</u>	<u>160,133</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 367,361</u>	<u>\$ 53,284</u>	<u>\$ 11,000</u>	<u>\$ 431,645</u>	<u>\$ 612,063</u>

The footnotes are an integral part of the financial statements

MADRAS AQUATIC CENTER RECREATION DISTRICT
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

June 30, 2023

Fund balance of governmental funds.	\$	81,223
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital assets	10,536,377	
Accumulated depreciation	<u>(5,781,229)</u>	4,755,148
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(1,716,442)
Accrued interest on long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(8,785)
A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds		<u>55,319</u>
Net position of governmental activities	<u>\$</u>	<u>3,166,463</u>

The footnotes are an integral part of the financial statements

MADRAS AQUATIC CENTER RECREATION DISTRICT
Statement of Revenues, Expenditures and Changes in Governmental Fund Balances
Year Ended June 30, 2023 and summarized information for June 30, 2022

				June 30,	
	General	Debt Service	Maintenance Reserve	2023	2022
Revenues					
Property taxes	\$ 722,858	\$ 725,217	\$ -	\$ 1,448,075	\$ 1,376,550
Charges for services	330,989	-	-	330,989	321,398
Intergovernmental	-	-	-	-	30,000
Grants and donations	309,700	-	-	309,700	122,661
Other income	8,733	-	-	8,733	7,447
Investment earnings	3,667	9,185	-	12,852	4,746
Total revenues	1,375,947	734,402	-	2,110,349	1,862,802
Expenditures					
Current					
Recreation	1,276,808	-	-	1,276,808	1,079,055
Capital outlay	127,821	-	-	127,821	214,179
Debt service					
Principal	29,852	660,000	-	689,852	648,805
Interest	10,079	84,699	-	94,778	115,070
Total expenditures	1,444,560	744,699	-	2,189,259	2,057,109
Excess (deficiency) of revenues over (under) expenditures	(68,613)	(10,297)	-	(78,910)	(194,307)
Other financing sources (uses)					
Transfers	(6,000)	-	6,000	-	-
Total other financing sources (uses)	(6,000)	-	6,000	-	-
Net changes in fund balances	(74,613)	(10,297)	6,000	(78,910)	(194,307)
Fund balances - beginning of year	119,190	35,943	5,000	160,133	354,440
Fund balances - end of year	\$ 44,577	\$ 25,646	\$ 11,000	\$ 81,223	\$ 160,133

The footnotes are an integral part of the financial statements

MADRAS AQUATIC CENTER RECREATION DISTRICT
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Governmental Fund
Balances to the Statement of Activities**

June 30, 2023

Net change in fund balance - total governmental funds		\$ (78,910)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied		
	15,575	
Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Activities, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which repayments exceed proceeds.		
Debt principal repaid	689,852	
Governmental funds report the effect of issuance costs, premiums and discounts when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences.		
Amortization of bond premium	36,178	
In Statement of Activities, interest is accrued on long-term debt, whereas in the government funds it is recorded as an expense when due.		
	2,446	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset acquisition	\$ 127,821	
Current year depreciation	(366,520)	(238,699)
	<u>127,821</u>	<u>(238,699)</u>
Change in net position of governmental activities		<u>\$ 426,442</u>

The footnotes are an integral part of the financial statements

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Madras Aquatic Center Recreation District (the District) was formed in November 2004, under the provisions of Oregon Revised Statutes Chapter 266. The District was formed to construct and operate an aquatic facility in Madras, Oregon. Under the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, the reporting entity consist of the primary government.

The District is governed by an independently elected board of directors and is legally separate from all other entities. It is also financially independent of other state and local governmental units. It has the power to levy taxes, is responsible for its debts and is entitled to any surplus. The District is not a component unit of another entity.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial principles. The significant policies of the District are described below.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities and display information on all the activities of the District. The District has no business activities or fiduciary funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues, including property taxes, other income and interest earnings.

Net position is reported as restricted when constraints placed on its use are either externally restricted, imposed by creditors (such as grantors, or laws) or through enabling legislation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of the related cash flows.

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable is when the amount of the transaction can be determined. Available means collectable within sixty days of the current period. The revenues susceptible to accrual include property taxes, interest revenue and charges for services. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred if expected to be liquidated with available current resources.

The District reports the following major governmental funds:

The General Fund is the District’s primary operating fund. The fund accounts for all financial resources of the District, except those required to be account for in another fund. Principal revenue sources are property taxes, charges for services and local support.

The Debt Service Fund provided for the payment of principal and interest on bonds and note payable. Principal resources are property taxes and interest.

The Maintenance Reserve Fund is primarily for future maintenance projects on capital assets owned and maintained by the District. Resources are comprised of transfers from the general fund.

Budgetary Information

Annual budgets, as required by state statutes, are adopted on the modified accrual basis of accounting for all governmental funds. The budget is prepared by fund, function and activity. The budget document includes actual information on the past two years, current year budget information, as well as requested appropriation and estimated revenues for the ensuing fiscal year.

The proposed budget is presented by the budget officer to the budget committee. Public meetings are held by the budget committee. The budget committee may make changes to the original document. The budget committee approves the budget document to be submitted to the governing body of the District. Once the budget document is received by the governing body, they hold a public hearing on a date as published. After the public hearing, the governing body gives consideration to matters discussed and makes amendments to the budget document prior to adoption. However, state statues do not allow the governing body to increase estimated expenditures for each fund by more than ten percent. The amount of the total ad valorem taxes to be certified by the county for levy for all funds shall not exceed the amount presented by the budget committee unless the budget document is republished and another public hearing is held.

The governing body is then required by state statutes to adopt the budget, make appropriations, and certify the levy of ad valorem taxes for each fund. Except for the allowance of appropriation transfers, expenditures cannot exceed appropriations. The level of control for appropriations is exercised at the program level. The program level consists of instruction, support services and operating contingency. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the governing body. All appropriations lapse at the end of the District’s fiscal year.

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments

For financial reporting purposes, the District considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents. Oregon Revised Statutes authorized the District to invest in obligations of the U.S. Treasury and Agencies, time certificates of deposit, bankers’ acceptances, repurchase agreements, and the State of Oregon Local Government Investment Pool.

Prepaid Expenses and Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmental fund statements and the government-wide statements.

Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. The cost of inventory is recorded as expenditures when consumed rather than when purchased.

Property Taxes

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property.

In the government wide statements, all property tax receivables are recognized as revenue. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable is due from property owners within the District.

Capital Assets

In the government-wide statements, capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair value on the date donated. The District defines capital assets as assets with an initial cost of more than \$500 and an estimated useful life extending beyond one year. Interest and other costs incurred during construction are capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Equipment	5-15 years
Building and Improvements	10-30 years

In the governmental fund statements, capital assets are expended as incurred as capital outlay.

Long-term Obligations

In the government-wide financial statements, long-term debts are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations only the portion to be financed from expendable, available financial resources are reported as a fund liability of a governmental fund.

Equity Classification

In government-wide financial statements, equity is classified and displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and is reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, the District reports fund balance in accordance with *GASB No 54, Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, in the fund financial statements governmental funds are categorized by the nature of the resources within the fund. The District reports fund balance using the following categories:

1. Nonspendable, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. Restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s governing board (the District’s highest level of decision-making authority).
4. Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

The District reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduces committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue

The District receives grants for various program objectives. Restricted grants are considered to be earned only when spent for the purposes designated by the grantor. Amounts received prior to being expended are reported as unearned revenue.

Accrued Compensated Absences

Regular full-time employees are permitted to accrue vacation time using a schedule based on years of service. Unused vacation time vests. The District reports a liability for accrued vacation time as a payroll related liability in the government wide and fund financial statements based on the hours accrued multiplied by the individual employee pay rates at year end.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

At June 30, 2023 the District held cash of \$107,596 with a bank balance of \$146,227 in bank accounts. Oregon Revised Statute Chapter 295 requires that bank depositories pledge collateral against any public fund deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank loss. The Office of the State Treasurer maintains a list of financial institutions in which deposits in excess of deposit insurance limits can be held. As of June 30, 2023 the District’s cash balances did not exceeded amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State statutes require that all bank deposits in excess of the FDIC or Federal Saving and Loan Insurance Corporation insurance amounts be collateralized through the Oregon State Treasurer’s Public Funds Collateralization Program. This program provides a structure for specified depositories to participate in a shared liability collateral pool.

Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution’s level of capitalization as determined by its federal regulatory authority. The aggregate Oregon public funds collateral pledged by banks for the quarter ended June 30, 2023, was \$2,129,179,925 for reported uninsured public funds of \$3,402,861. The custodian, Federal Home Loan Bank, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District’s funds were held by financial institutions that participated in the State Treasurer’s program and were in compliance with statutory requirements.

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 2 – CASH AND INVESTMENTS (continued)

The District’s cash at June 30, 2023, consisted of the following:

Demand deposits	\$ 108,146
Investment - Country Treasurer Investment Pool	<u>224,846</u>
	<u>\$ 332,992</u>

The District participates in the Jefferson County Treasurer’s external investment pool, a non-SEC regulated, open-ended, no-load diversified portfolio created under Oregon Revised Statutes Chapter 294. The fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The County’s investment policies follow investment guidance of Oregon Revised Statutes (ORS 294.035 through 294.046) and more specifically provides that the Jefferson County Investment Pool shall be limited to:

- a. Legally issued obligations of the United States, the agencies and Instruments of the United States or enterprises sponsored by the United States’ government.
- b. Time deposit open accounts, certificates of deposit and savings accounts in banks, mutual savings banks and savings and loan associations which maintain a head office or branch in Oregon.
- c. Governmental Repurchase Agreements, fully collateralized, not to exceed 30 days.
- d. Bankers’ Acceptance that are guaranteed by an Oregon financial institution.
- e. LGIP.

Investments held by the County Treasurer at June 30, 2023 were in compliance with investment guidelines. There were no restrictions on cash or investments at June 30, 2023.

The Treasurer has calculated the fair market value of the underlying investments of the pool, which approximates the carrying value. The portfolio’s maturities are regulated by state statute and the County’s investment policy.

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 3 – CAPITAL ASSETS

Changes in the District’s capital assets for the year ended June 30, 2023, were as follows:

	Balance July 01, 2022	Additions	Dispositions	Balance June 30, 2023
Capital assets not subject to depreciation				
Land	\$ 550,444	\$ -	\$ -	\$ 550,444
Master plan project	-	10,000	-	10,000
Total capital assets not being depreciated	<u>550,444</u>	<u>10,000</u>	<u>-</u>	<u>560,444</u>
Capital assets subject to depreciation				
Building	6,721,460	-	-	6,721,460
Building improvements	2,764,977	102,375	-	2,867,352
Equipment	345,732	25,446	(1,157)	370,021
Software	17,100	-	-	17,100
Total depreciable capital assets	<u>9,849,269</u>	<u>127,821</u>	<u>(1,157)</u>	<u>9,975,933</u>
Less accumulated depreciation	<u>(5,415,866)</u>	<u>(366,520)</u>	<u>1,157</u>	<u>(5,781,229)</u>
Total capital assets, net of depreciation	<u>\$ 4,983,847</u>	<u>\$ (228,699)</u>	<u>\$ -</u>	<u>\$ 4,755,148</u>

For the year ended June 30, 2023, depreciation expense of \$366,520 was directly charged to recreation services. During the year, the District incurred costs related to a master plan project, which had not been complete as of year-end.

NOTE 4 – LONG-TERM DEBT

The District’s debt activity for the year is as follows:

	Balance July 01, 2022	Reductions	Debt Issued	Balance June 30, 2023	Due Within One Year	Interest Payments
General obligation bond	\$ 2,130,000	\$ 660,000	\$ -	\$ 1,470,000	\$ 710,000	\$ 84,700
Bond premium	108,534	36,178	-	72,356	-	-
Note payable	203,938	29,852	-	174,086	30,937	7,079
Tax anticipation note	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>3,250</u>
	<u>\$ 2,642,472</u>	<u>\$ 926,030</u>	<u>\$ 200,000</u>	<u>\$ 1,916,442</u>	<u>\$ 940,937</u>	<u>\$ 95,029</u>

General Obligation Bond Payable

General obligation bonds totaling \$5,700,000 were issued during 2016, as a refinance of existing bonds previously issued for the construction of the aquatic facility. The bonds mature serially through June 2025. Interest is payable semi-annually on June 1 and December 1, at rates between 2.5% and 4%.

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 4 – LONG TERM DEBT (continued)

Future maturities of the general obligation bonded debt are as follows:

<u>Year Ending June 30,</u>	<u>Bond Principal</u>	<u>Bond Interest</u>
2024	\$ 710,000	\$ 58,800
2025	760,000	30,400
	<u>\$ 1,470,000</u>	<u>\$ 89,200</u>

Government Obligation Contract for Energy Efficient Upgrades and Improvements

A government obligation contract was entered into during the year ended June 30, 2017, with KS State Bank, in the amount of \$400,000. The loan was used to facilitate building upgrades along with other building improvements related to energy efficiency. The debt matures in July 2028 with interest and principal payable semi-annually on July 1 and January 1 of each year. The rate on the loan is 3.53%. Prepayment penalties may be imposed.

In the event of default, defined as insolvency or failure to make a scheduled payment within 15 days of the due date, the contract includes the following remedies:

- Return of the financed equipment in the condition required by the contract
- Acceleration of the contract term to be paid in full immediately
- Increase in the interest rate to the highest rate allowed by law

Future maturities of the long-term note are as follows:

<u>Year Ending June 30,</u>	<u>Note Principal</u>	<u>Note Interest</u>
2024	\$ 30,936	\$ 5,994
2025	32,061	4,870
2026	33,226	3,705
2026-2029	77,863	3,882
	<u>\$ 174,086</u>	<u>\$ 18,451</u>

Tax Anticipation Loan

During the year, management obtained short-term financing in anticipation of property tax collections in the amount of \$200,000, which matures on November 30, 2023 and bears interest at a rate of 4.5% over the 7-month term. The prior year tax anticipation note was paid in full November 2021.

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 5 – PROPERTY TAX LIMITATIONS

The District is currently subject to constitutional property tax limitation provisions that specify a maximum allowable tax of \$5 for public schools and \$10 for other local government entities for each \$1,000 assessed value of property. The limitation does not include taxes to repay bonded debt or certain special assessments.

Under the constitutional limitation, the maximum taxable assessed value of property for 1997-98 was reduced to 90% of each property’s assessed value for the 1995-96 year. Increases to the assessed value are limited to 3% per year, with exceptions for new property and certain improvements. For the 1997-98 tax year, the total of most taxing district operating levies in the state were reduced by approximately 17%.

For subsequent years, the tax rates for each taxing district are permanently fixed based on the 1997-98 levy. Voters of a local taxing district may approve special levies limited to five years exceeding this limitation. Elections related to tax levies or bond measures require 50% of the registered voters to cast ballots to be valid except in May and November elections.

NOTE 6 – TAX ABATEMENTS

The District is subject to limitations on its ability to raise resources where Jefferson County has entered into agreements with certain businesses to abate property taxes in exchange for development within the region. All such abatement programs are authorized by Oregon Revised Statutes or by local resolution or ordinance. For the year ended June 30, 2023, the District’s revenues were estimated to be reduced by the following amounts for each program:

Program	Estimated tax Exempted/Abated to District
Rural Renewable Energy Development Zone	\$ 27,414
Enterprise Zone	19,479
	\$ 46,893

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District purchased commercial insurance for general liability and fidelity bonding. Settled claims have not exceeded coverage in the prior three years.

MADRAS AQUATIC CENTER RECREATION DISTRICT
Notes to the Financial Statements
June 30, 2023 with Summarized Comparative Information for 2022
(Audited – See accompanying independent auditors’ report)

NOTE 8 – DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is available to all District employees over 21 years of age upon hire, with the District providing up to a 5% match, permitting them to defer a portion of their salary until future years.

Total employer contributions incurred for the year ended June 30, 2023 were \$10,086. Employee contributions in the amount of \$10,078 were withheld and remitted to the plan during the year.

The assets for the plan are held in trust for the exclusive benefit of the Plan participants and their beneficiaries. The plan is administered by AIG. The assets will not be diverted for any other purpose. The District has no administrative involvement and does not perform the investing functions for the plan.

NOTE 9 – OVER-EXPENDED APPROPRIATION

The District overspent its appropriation for facility services in the general fund by \$51,327.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

MADRAS AQUATIC CENTER RECREATION DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund
Year ended June 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Variance Over (Under) Budget	Actuals		GAAP Basis
				Budget Basis	Adjustments	
Revenues						
Property taxes	\$ 750,900	\$ 750,900	\$ (28,042)	\$ 722,858	\$ -	\$ 722,858
Intergovernmental revenue	30,000	-	-	-	-	-
Charges for services	437,000	467,000	(136,011)	330,989	-	330,989
Grants and donations	172,000	346,068	(36,368)	309,700	-	309,700
Investment earnings	-	-	3,667	3,667	-	3,667
Other income	-	-	8,733	8,733	-	8,733
Total revenues	<u>1,389,900</u>	<u>1,563,968</u>	<u>(188,021)</u>	<u>1,375,947</u>	<u>-</u>	<u>1,375,947</u>
Expenditures						
Aquatics and recreation programs	511,759	569,259	(95,988)	473,271	(803,537)	1,276,808
Facility services	365,434	365,434	51,327	416,761	416,761	-
Administrative / board of directors	411,919	411,919	(25,143)	386,776	386,776	-
Capital outlay	50,000	153,068	(25,247)	127,821	-	127,821
Debt service	239,931	39,931	-	39,931	39,931	-
Principal	-	-	-	-	(29,852)	29,852
Interest	-	-	-	-	(10,079)	10,079
Contingency	20,849	20,849	(20,849)	-	-	-
Total expenditures	<u>1,599,892</u>	<u>1,560,460</u>	<u>(115,900)</u>	<u>1,444,560</u>	<u>-</u>	<u>1,444,560</u>
Excess of revenues under expenditures	<u>(209,992)</u>	<u>3,508</u>	<u>(72,121)</u>	<u>(68,613)</u>	<u>-</u>	<u>(68,613)</u>
Other financing sources						
Transfers out	(15,000)	(15,000)	9,000	(6,000)	-	(6,000)
Proceeds from short term borrowing	200,000	-	-	-	-	-
	<u>185,000</u>	<u>(15,000)</u>	<u>9,000</u>	<u>(6,000)</u>	<u>-</u>	<u>(6,000)</u>
Net change in fund balance	(24,992)	(11,492)	(63,121)	(74,613)	-	(74,613)
Fund balance - Beginning of year	<u>317,205</u>	<u>117,205</u>	<u>1,985</u>	<u>119,190</u>	<u>-</u>	<u>119,190</u>
Fund balance - End of year	<u>\$ 292,213</u>	<u>\$ 105,713</u>	<u>\$ (61,136)</u>	<u>\$ 44,577</u>	<u>\$ -</u>	<u>\$ 44,577</u>

OTHER SUPPLEMENTARY INFORMATION

MADRAS AQUATIC CENTER RECREATION DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Debt Service Fund
(Unaudited)
Year ended June 30, 2023

	Original and Final Budget	Variance Over (Under) Budget	Actuals		
			Budgetary Basis	GAAP Basis	
Revenues					
Property taxes	\$ 724,390	\$ 827	\$ 725,217	\$ -	\$ 725,217
Interest on investments	1,000	8,185	9,185	-	9,185
Total revenues	<u>725,390</u>	<u>9,012</u>	<u>734,402</u>	<u>-</u>	<u>734,402</u>
Expenditures					
Debt service	744,700	(1)	744,699	744,699	-
Principal	-	-	-	(660,000)	660,000
Interest	-	-	-	(84,699)	84,699
Total expenditures	<u>744,700</u>	<u>(1)</u>	<u>744,699</u>	<u>-</u>	<u>744,699</u>
Net change in fund balance	(19,310)	9,013	(10,297)	-	(10,297)
Fund balance - Beginning of year	<u>35,310</u>	<u>633</u>	<u>35,943</u>	<u>-</u>	<u>35,943</u>
Fund balance - End of year	<u>\$ 16,000</u>	<u>\$ 9,646</u>	<u>\$ 25,646</u>	<u>\$ -</u>	<u>\$ 25,646</u>

MADRAS AQUATIC CENTER RECREATION DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Maintenance Reserve Fund
(Unaudited)
Year ended June 30, 2023

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Over (Under) Budget</u>
Other financing sources			
Interfund transfer in	\$ <u>15,000</u>	\$ <u>6,000</u>	\$ <u>(9,000)</u>
Net change in fund balance	15,000	6,000	(9,000)
Fund balance - Beginning of year	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Fund balance - End of year	<u>\$ 20,000</u>	<u>\$ 11,000</u>	<u>\$ (9,000)</u>

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**



**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Madras Aquatic Center Recreation District
Madras, Oregon

We have audited the financial statements of the governmental activities and each major fund of Madras Aquatic Center Recreation District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively compromise the District's basic financial statements and have issued our report thereon dated October 31, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions**
- **Indebtedness limitations, restrictions and repayment**
- **Budgets legally required**
- **Insurance and fidelity bonds in force or required by law**
- **Programs funded from outside sources**
- **Authorized investment of surplus funds**
- **Public contracts and purchasing**

During our testing of the District's fiscal year 2022-23 budget, we identified following budget violation of Oregon Local Budget law;

- The District overspent its General Fund legal appropriations in Facility Services by \$51,327.

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements for the governmental activities and each major fund, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

This report is intended solely for the information and use of management, the board of directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Brenda Bartlett". The signature is written in a cursive, flowing style.

Brenda Bartlett, CPA
Sensiba, LLP
Bend, Oregon

October 31, 2023